

## Message Text

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PAGE 01 OECD P 00002 151813Z

42

ACTION EUR-25

INFO OCT-01 EA-11 NEA-14 ISO-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 IO-14 NSAE-00 RSC-01

OPIC-12 SP-03 TRSE-00 CIEP-02 LAB-06 SIL-01 SWF-02

OMB-01 SS-20 NSC-07 L-03 XMB-07 STR-08 AGR-20 DRC-01

/204 W

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P 142217Z JUN 74

FM USMISSION OECD PARIS

TO SECSTATE WASHDC PRIORITY 3016

AMEMBASSY NEW DELHI

INFO AMEMBASSY TOKYO

AMEMBASSY STOCKHOLM

AZEN/AMEMBASSY THE HAGUE

AMEMBASSY OSLO

AMEMBASSY BRUSSELS

AMEMBASSY LONDON

AMEMBASSY BONN

AMEMBASSY ROME

AMEMBASSY OTTAWA

AMEMBASSY VIENNA

AMEMBASSY COPENHAGN

LIMITED OFFICIAL USE SECTION 2 OF 3 OECD PARIS 14553

MEMBERS NEED MOVE ALONG AT SAME SPEED (REFERRING TO  
TERMS OF AID RPT AID) "IN FASHION OF SHIP CONVOY," AND  
SAID WE WISHED BE ASSOCIATED WITH THAT POSITION.

U.S. DEL CONTINUED THAT BANK PROPOSAL ON DEBT GAVE  
USG DIFFICULTY. U.S. DISAPPOINTED BANK PROPOSED GIVING  
UP "INDEX OF HARDNESS." THUS, U.S. RESPONSIBLE FOR 60  
PERCENT OF INCREMENTAL AMOUNT OF THIS YEAR'S PROPOSED  
LEVEL OVER LAST YEAR'S. U.S. DISAPPOINTED PROPOSED  
RESCHEDULING DID NOT INCLUDE MFN CLAUSE WITH RESPECT TO  
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PAGE 02 OECD P 00002 151813Z

NON-CONSORTIUM DEBT. INDIA CLEARLY NEEDED INCREASED

AID TO COVER ITS INCREASED IMPORT BILL, BUT SOME TWO  
DIZEN OTHER LDC'S FACED SIMILAR PROBLEM. WILL THERE,  
U.S. ASKED, BE SUFFICIENT AID FUNDS AVAILABLE TO COVER  
URGENT AID NEEDS OF SUCH NATIONS IF WE FOLLOWED BANK'S  
PROPOSAL? ADDED U.S. WISHED ENCOURAGE INDIA ALSO TO  
SEEK SUPPORT FROM MAJOR OIL EXPORTING NATIONS; ALSO IN-  
VITED IMF REPRESENTATIVE (AT MEETING) TO COMMENT ON  
CONDITIONS OF HAVING INDIA MAKE FURTHER DRAWING ON FUND.

CONCLUDING, U.S. DEL SAID U.S. UNCERTAIN AS TO  
JUSTIFICATION FOR BANK'S PROPOSED COURSE OF ACTION GIVEN  
UNKNOWNNS AND NEEDS OF OTHERS, AND SO DETERMINED TO BE  
CONSERVATIVE. AT THIS TIME, THEREFORE, U.S. PREPARED  
COMMIT SAME AMOUNT DEBT RESCHEDULING AS LAST YEAR,  
NAMELY \$29 MILLION, BUT WITH INTENTION REVIEW INDIAN  
FINANCIAL SITUATION LATER TO DETERMINE WHETHER TO DO  
MORE.

4. REACTION TO U.S. STATEMENT:

RESPONDING, IBRD CHAIRMAN ASKED IF U.S. SEEKS TO  
RESCHEDULE ONLY \$29 MILLION PLUS A PROVISIO ON EWUITABLE  
TERMS OF OTHER NATIONS' PORTION? HE ASKED WOULD THIS  
HAVE EFFECT OF FORCING OTHERS TO REDUCE PLEDGES ON RE-  
SCHEDULING? U.S. DEL RESPONDED BY EMPHASIZING U.S.  
WISHED AVOID DISRUPTING GROUP ACTION WHICH WOULD BE  
BENEFICIAL TO INDIA. THE CHAIRMAN RESPONDED THAT HE  
UNDERSTOOD THIS AND WAS RELIEVED.

THE FRENCH DELEGATE SAID HE WAS EXTREMELY DIS-  
APPOINTED BY U.S. STATEOENT. WHILE FRANCE BELIEVED THAT  
PROPOSED DIRECT AID LEVEL TO BE TOO LOW AND WHILE IT  
ALSO WAS NOT ANXIOUS TO PROMOTE DEBT RELIEF, IT HAD  
PLANNED TO ACCEDE IN PRINCIPLE TO BANK'S 45 PERCENT DEBT  
RELIEF RECOMMENDATION IN FRAMEWORK OF CONSORTIUM  
CONSENSUS. BUT, HE NOTED, A QUICK CALCULATION SHOWED  
U.S.9 DEBT RESCHEDULING LEVEL WOULD BE ONLY 20 PERCENT  
OF THIS YEAR'S INDEBTEDNESS. HE SAID HE WAS STRUCK BY  
DIFFERENCE BETWEEN ATTITUDE ON PAKISTAN RESCHEDULING,  
WHERE A POSSIBLE SHORTFALL OF A FEW MILLION DOLLARS WAS  
DISCUSSED ONLY TWO DAYS EARLIER AS INTOLERABLE, AND THE  
INDIAN CASE WHERE THE GAP BETWEEN THE COUNTRY'S NEEDS  
AND THE PROPOSED AID LEVEL IS A VIRTUAL "CHASM." THE  
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PAGE 03 OECD P 00002 151813Z

FRENCH DEL CONCLUDED HIS GOVERNMENT HAS FRIENDLY RE-  
LATIONS WITH BOTH PAKISTAN AND INDIA. GERMAN AND U.K.  
DELEGATES, WHILE NOTING THEIR APPRECIATION OF U.S.  
DIFFICULTIES, WERE DISCOURAGED AT U.S. POSITION AND  
URGED U.S. RECONSIDER.

5. OTHER CREDITOR POSITION ON BANK PROPOSAL: OF 13  
CREDITORS, ALL BUT CANADA, FRANCE, ITALY AND U.S. EX-

PRESSED WILLINGNESS AGREE 45 PERCENT RESCHEDULING. CANADIAN DEFERRAL OF POSITION, KNOWN IN ADVANCE, HAD NO ADVERSE IMPACT, AS GROUP INFERRED CANADA WOULD AGREE SOMEWHAT LATER. FRANCE SUPPORTED 40 PERCENT RESCHEDULING BUT STATED IT WOULD HAVE NO DIFFICULTY ACCEPTING 45 PERCENT CONSENSUS. ITALIAN DELEGATE NOT IN A POSITION QUANTIFY AMOUNT OR TERMS OF RELIEF BUT PROMISED BEST EFFORT REACH TARGET. AFTER U.S. POSITION ANNOUNCED, JAPAN NOTED IT COULD AGREE 45 PERCENT RESCHEDULING IF ALL MAJOR DONORS "PRECISELY GO ALONG." WHEN QUESTIONED, JAPAN DELEGATE STATED THAT UNDER HIS CURRENT INSTRUCTIONS, U.S. SHARE AT \$29 MILLION WOULD PRECLUDE JAPANESE PARTICIPATION.

6. INDEX OF HARDNESS: U.K., NETHERLANDS, AND SWEDEN EQUIVOCALLY, SUPPORTED "INDEX OF HARDNESS" IN ATTRIBUTING SHARES, WITH U.K. LINKING SUCH INDEX WITH U.K. ACCEPTANCE 45 PERCENT RELIEF. CANADA ALSO NOTED INDEX WOULD BE A CONDITION OF ANY FUTURE CANADIAN PARTICIPATION. U.K., CANADA, SWEDEN, AND NETHERLANDS INDICATED THEY WOULD DROP DEMANDS FOR HARDNESS INDEX, IF ALL DONORS WOULD AGREE ACCEPT BANKRECOMMENDATION THAT NEW AID CONTAIN MINIMUM 62 PERCENT GRANT ELEMENT. FRANCE RESISTED URGINGS OF SEVERAL DONORS TO AGREE THIS 62 PERCENT TARGET.

7. MOST FAVORED NATION CLAUSE: THERE WAS NO CREDITOR

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENTS, BUDGETS, LESS DEVELOPED COUNTRIES, DEBT REPAYMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 14 JUN 1974  
**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** golinofr  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
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**Errors:** N/A  
**Film Number:** D740156-0586  
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